

COMMITTEE ON GOVERNMENT REFORM

TOM DAVIS, CHAIRMAN



NEWS RELEASE

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Davis Introduces Real Property Reform Bill

*Billions Wasted Each Year to Maintain Vacant, Unneeded Buildings
Real Property Management is on GAO's High Risk List*

WASHINGTON, D.C. - The federal government spends billions of dollars annually to maintain properties; yet many federal properties are in disrepair, lack up-to-date technological infrastructure, and pose health and safety threats to workers and visitors. House Government Reform Committee Chairman Tom Davis (R-VA) yesterday introduced H.R. 3134, the "Federal Real Property Disposal Pilot Program and Management Improvement Act of 2005," a bill to begin addressing management challenges associated with federal real property and to combat this inexcusable waste.

The legislation creates a 5-year pilot program to allow for the expedited disposal of federal excess, surplus, or underutilized real properties. Ten eligible properties per year are to be sold for at least fair market value, and the agency affected by the disposal may retain a portion of the proceeds. This creates needed incentives for agencies to deal with unneeded properties. The House Budget Committee provided a \$50 million reserve fund in the FY 2006 Budget Resolution to pay for the pilot program.

In addition, the legislation codifies provisions from Executive Order 13327. The Order borrowed several key provisions from H.R. 2548, the "Federal Property Asset Management Reform Act of 2003," such as: (1) the creation of the Senior Real Property Officer; (2) the development of agency asset management plans; (3) the creation of an accurate and updated inventory of all federal real property; and (4) an emphasis on financial management.

Out of the 8,000 buildings managed by the General Services Administration (GSA), more than half are 50 years old and are deteriorating. Combined, they require an estimated \$5.7 billion in repairs. As a result, agencies are often forced to vacate properties and lease costly space from the private sector.

Federal agencies are subject to several laws that limit their authority to acquire, manage, and dispose of real property. Agencies need broader management authority to efficiently and cost-effectively manage their properties. They must be able to implement life-cycle management principles that will improve operational management, financial management, and agency accountability, encourage cost-savings, and incorporate private sector best practices.

Since the 106th Congress, the Committee has held several hearings to examine innovative solutions to address the federal property management crisis. The Committee marked up bipartisan legislation in the 107th and 108th Congresses that included comprehensive life-cycle management reforms described above. Most recently, the Committee passed H.R. 2548, the “Federal Property Asset Management Reform Act of 2003.” The bill was delayed because of a debate on its budget impact.

The Congressional Budget Office (CBO) attached a high cost estimate to H.R. 2548, implying that the federal government would spend more money by passing the bill than if it did nothing. CBO’s estimate loses sight of the cost-savings that would have been realized if agencies were able to implement the management authorities in the bill. This is about saving money, not spending more of it. Fiscal responsibility requires that we grant agencies alternative property management authorities to address this growing problem.

“This pilot program will allow us to prove that real property reform saves money, despite what CBO claims. The Committee anticipates that at the end of the five-year program, the pilot will have resulted in considerable savings to the U.S. government, thereby clearing the way for more fundamental real property reform,” said Chairman Davis. “Potential net benefits to the government include improved federal spaces, lower operating costs, and increased revenue without up-front federal capital expenditures.”

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